
CITY OF PORT LAVACA

COUNCIL MEETING: JANUARY 10, 2022

DATE: 1.07.2022

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: JODY WEAVER, INTERIM CITY MANAGER

SUBJECT: REPUBLIC SERVICES CONTRACT

The Republic Solid Waste Collection and Disposal contract expires on November 30, 2022 per the 2nd amendment to the Contract. We currently pay \$17.53/customer/month for 2x weekly garbage and 1x 5 cy brush/bulk (no light construction).

Per the 3rd amendment, their contract fee automatically increases by 3% each year on February 1st, beginning in 2019. A 3% increase on February 1 would be 53 cents and another 3% increase on February 1 of 2023 would be another 54 cents (total \$1.07)

After the discussion at the last Council meeting, the general consensus seemed to be to extend the Republic contract. Mike Reeves is providing more detailed costs for a couple options for Council to consider. His written memo is included in the Council packet, but simply put:

1. We can agree to extend 3 years with no change in service and there will be no price increase until Feb 2023
2. We can agree to extend 5 years with no change in service and there will be no price increase until Feb 2024

(Note: under a 4th amendment to the contract, future increases would still be a fixed amount, but most likely closer to 3.5% or 4%. Mike will talk more about this Monday night. But he assured me it would be a fixed number and not based on the CPI, which could be anything in the current volatile economic environment.)

If, at whatever point, we choose to increase the allowable brush/bulk to 12 cy, Republic will agree to include light construction debris as eligible bulk. With a 3-year extended contract, this added service would add \$3/customer/month; with a 5-year extended contract, it would add \$2/customer/month.

NOTE: The minimum necessary action that needs to be taken at Monday night's Council meeting is to vote whether to extend their contract. The minimum extension they will accept is 3 years. A vote for either a 3 year or a 5 year extension will stop the 3% increase from kicking in on February 1, per Amendment 3.

I realize that Council may not want to consider any monetary increase to the solid waste services yet until we fully understand the recommendations on an increase to the water and sewer rates. As you are aware, Susan and I are working with Mr. Philip Givens to prepare a rate study with a recommendation for an **increase to the water and sewer rates**. We have his report, but are still working through changes needed to some of the assumptions that Mr. Givens made in preparing this report. We are working toward having this ready to discuss at the January 24th workshop.

Bottom line, if Council wants to wait to make a decision whether to add the increased volume (which would also include light construction debris) until after a decision is made on an increased water/sewer rate – that is OK! We can go back to Republic at any time and add the increase bulk with the light construction debris and even increase to 5 years to take advantage of the \$1 savings that would realize.